

**Losses suffered by Banks due to Madhavpur Bank scam**

**4193. SHRI SURESH PACHOURI:** Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that some leading banks in the country have lost about Rs. 800 crores in the Madhavpur Bank scam unearthing recently;
- (b) if so, the details thereof and *modus-operandi* of the operations revealed so far;
- (c) the fresh steps initiated to plug the loopholes in the banking system and to strengthen Reserve Bank of India regulatory mechanism; and
- (d) the measures taken to safeguard the interests of the small depositors and to restore their confidence in the banks?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):** (a) and (b) As reported by Reserve Bank of India (RBI), commercial bank's exposure to urban co-operative banks and the likely loss on account of (a) discounting of cheques/pay order (b) lending in call money and (c) transactions relating to sale of gold is as under:

*(Rs. Crores)*

Bank Groups	Total Exposure	Likely Loss
Public Sector Banks	228.31	218.71
Old Private Sector Banks	25.15	25.10
New Private Sector Banks	15.03	14.00
Foreign Banks	15.33	15.10
<b>TOTAL</b>	<b>283.82</b>	<b>272.91</b>

(c) and (d) RBI has reported that the said Madhavpura Mercantile Cooperative Bank (MMCB) had violated RBI guidelines regarding lending to stock/share brokers, exposure norms and other

norms prescribed for urban cooperative banks. However, with a view to protect the interests of the depositors, RBI has already taken certain measures such as imposition of directives under Section 35A of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies), supersession of Board of Directors of MMCB, filing complaint against the Chairman and Managing Director of the bank, etc. The system of off-site surveillance in respect of scheduled urban cooperative banks in the country has been introduced since 30 March, 2001. The prudential norm relating to Capital Adequacy (Capital to Risk Assets Ratio—CRAR) is also being made applicable to Urban Cooperative Banks.

#### **Small savings scheme of banks**

4194. DR. A. K. PATEL: Will the Minister of FINANCE be pleased to state:

- (a) the names of banks operating small savings scheme, State-wise;
- (b) whether it is a fact that some of these banks have closed this scheme;
- (c) if so, the names of such banks and the reasons therefor;
- (d) whether such banks have paid back the deposit alongwith the interest to all their account holders;
- (e) whether these banks have also paid bonus and gratuity to the concerned bank agents; and
- (f) if not, by when the above action would be completed by these banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Indian Banks' Association (IBA) have reported that as per information